DOCUMENT RESUME

ED 476 481 CE 084 943

TITLE	Women Entrepreneurship in the 21st Century. Summary Report.
INSTITUTION	Small Business Administration, Washington, DC.; Public Forum Inst., Washington, DC.; Department of Labor, Washington, DC.
PUB DATE	2002-03-00
NOTE	20p.; Report on the Women's Business Summit "Women Entrepreneurship in the 21st Century" (Washington, DC, March 18-19, 2002).
AVAILABLE FROM	For full text: http://www.dol.gov/21cw/Women_3_18/report.pdf. For the webcast: http://www.vodium.com/ mediapod/labor/we21/.
PUB TYPE	Information Analyses (070) -- Reports - Descriptive (141)
EDRS PRICE	EDRS Price MF01/PC01 Plus Postage.
DESCRIPTORS	Access to Health Care; Adult Education; Capital; Economic Factors; *Employed Women; *Entrepreneurship; Family Work Relationship; Federal Regulation; *Health Care Costs; Health Insurance; Publicity; *Retirement; Small Businesses; *Taxes; *Technology

ABSTRACT

On March 18-19, 2002, over 1,200 women entrepreneurs from America convened in Washington, D.C., for an interactive conference. Hundreds of others participated via satellite. Delegates participated in workshops, panel discussions, and interactive voting sessions and heard presentations. Workshops focused on access to capital, trade, health insurance costs, understanding the tax code, access to government procurement, gaining media exposure, work/life balance, trends in technology, and retirement security. Highlights were these: health care costs were unsustainable for women entrepreneurs; access to capital was a key challenge for them; the federal government should be made small business-friendly; tax code complexity challenges women entrepreneurs; entrepreneurship is a tough work/life balancing act; women entrepreneurs are going global; they have retirement issues; and technology helps them succeed. (The document contains a letter from Secretary of Labor Elaine L. Chao, an executive summary, a conference report on the highlights listed above, remarks from two speakers, and the keynote address."Remarks" (Elaine L. Chao) calls on women entrepreneurs to be today's drivers of tomorrow's economic prosperity. "Remarks" (Hector V. Barreto) encourages women entrepreneurs to take advantage of Small Business Administration programs. "Keynote Address" (President George W. Bush) touches on small businesses, economic stimulus plan, tax reform, and making health care more available. (YLB)

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SUMMARY REPORT

WOMEN ENTREPRENEURSHIP IN THE 21ST CENTURY

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U.S. SECRETARY OF LABOR ELAINE L. CHAO

A WOMEN'S BUSINESS SUMMIT

CONVENED IN

WASHINGTON, D.C.

MARCH 18 - 19, 2002

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THE PUBLIC FORUM INSTITUTE

SBA

A MESSAGE FROM
ELAINE L. CHAO
U.S. SECRETARY OF LABOR

SECRETARY OF LABOR
WASHINGTON

Dear Friend:

The recent Women Entrepreneurship in the 21st Century Conference was a great success, drawing over 1,200 attendees to Washington and thousands of others who joined us around the country. It was gratifying to welcome such a distinguished group of women gathered to celebrate entrepreneurship as their path to professional success. As keynote speaker President George W. Bush put it, "When it comes to entrepreneurship and job creation, ours is an increasingly woman's world."

Enclosed please find the Conference proceedings and a copy of the address delivered by President Bush. For more information on issues of importance to women entrepreneurs or to view a complete webcast replay of the Conference, visit www.women-21.com.

The message is clear: Small business generates two-thirds of all new jobs in the United States, so it makes sense to focus on entrepreneurship and the bright, accomplished and hard-working women who are such an important part of it. Women entrepreneurs across America are second to none and willing to compete in any arena. It is vital for government at all levels to promote policies and programs offering every opportunity for continuing success.

I am proud to support women with the talent and drive to launch their own businesses. Please stay in touch. Having the benefit of your views on improving the real world of America's workplace is an enormous asset and most appreciated.

Sincerely,

E. L. Chao

Elaine L. Chao

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EXECUTIVE SUMMARY

The growth of women entrepreneurs in the United States has been substantial in recent years; today there are 6.2 million women-owned firms employing 9.2 million people and generating sales of $1.15 trillion. But women entrepreneurs are impacting much more than how business gets done in America. They are shaping and redefining the workplace, the nation's business networks, financial institutions, and our culture. Perhaps most of all, women entrepreneurs are deeply influencing how the business community, public officials and the media perceive and respond to women.

On March 18-19, 2002, over 1,200 women entrepreneurs from across the nation convened in Washington, D.C. for a two-day interactive conference entitled *Women Entrepreneurship in the 21st Century*. Additionally, hundreds of others were able to participate in the conference via satellite in Bangor, Maine, St. Louis, Missouri, Little Rock, Arkansas, and Orlando, Florida. This event was a joint effort of the U.S. Department of Labor, the Public Forum Institute, the U.S. Small Business Administration (SBA), and the White House Office of Public Liaison.

Conference delegates participated in workshops, panel discussions, and interactive voting sessions. They heard presentations from featured speakers throughout the event, including President George W. Bush, U.S. Secretary of Labor Elaine L. Chao, U.S. Secretary of Agriculture Ann Veneman, U.S. Secretary of Treasury Paul O'Neill, SBA Administrator Hector Barreto, and members of Congress. The highlight of the summit was the keynote address of President Bush, who pointed out, "When it comes to entrepreneurship and job creation, ours is an increasingly woman's world."

Women business owners are concerned about roadblocks to growth, long-term viability and financial health. Accordingly, the conference agenda and workshops were tailored to help women navigate the ever-changing business climate and prepare for the future. Workshops focused on access to capital, health insurance costs, understanding the tax code, and achieving a satisfying work/life balance. Just as important, the Conference provided an excellent opportunity for women entrepreneurs to network with other professionals and share their outlook with key policymakers on the real world of women in the workplace today.

HOW LONG HAVE YOU OWNED YOUR BUSINESS?

I am considering or in the process of starting a business	34%
Less than 1 year	27%
1 to 5 years	15%
6 to 7 years	9%
8 to 10 years	8%
More than 10 years	6%

Data collected from summit participants using eForum audience response technology.

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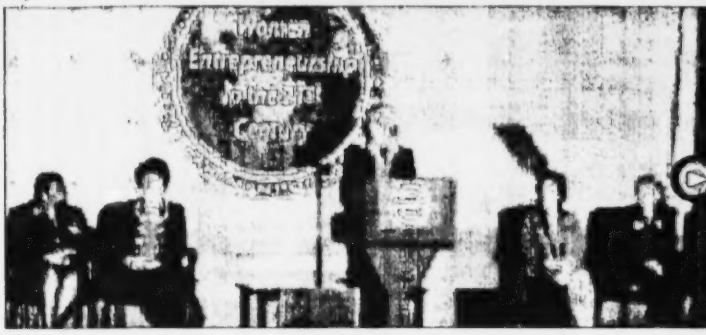

CONFERENCE REPORT

The power, optimism and influence of women were all part of the Women Entrepreneurship in the 21st Century conference on March 18-19, 2002. More than 1,200 women entrepreneurs from across the United States gathered in the nation's capital for an unprecedented conference hosted by the U.S. Department of Labor, the Public Forum Institute, U.S. Small Business Administration, and White House Office of Public Liaison. The Conference gave women entrepreneurs the opportunity to voice opinions about issues affecting their businesses and hear from leaders in government and the private sector regarding initiatives to help them do what they do best: innovate, create jobs, and contribute to the strength of the American economy.

WOMEN ENTREPRENEURS GET DOWN TO BUSINESS

The first day of the conference convened with a welcome luncheon for all delegates. After an introduction by Jonathan Ortmans, president of the Public Forum Institute, highlights included an opening address by U.S. Secretary of Labor Elaine L. Chao. "As the woman in America most preoccupied with jobs and unemployment," Secretary Chao described her role and set the tone for the conference, encouraging women entrepreneurs to express their opinions and ideas at every opportunity. Attendees were helped in this regard by the Public Forum Institute's cutting edge technology known as *e*Forum, using keypads to facilitate interactive question and answer communication with all participants.

Congresswoman Jennifer Dunn shared her outlook on policy initiatives from Congress affecting women entrepreneurs. Conference attendees were then treated to a panel discussion featuring women officials from the Bush Administration, including Lezlee Westine, White House Office of Public Liaison; Ann Combs, U.S. Department of Labor; Diana Furchtgott-Roth, Council of Economic Advisors; Anne Phelps, White House Office of Domestic Policy; and Kaaren Johnson Street, U.S. Small Business Administration.

Workshops were conducted on the topics most important to women entrepreneurs, including access to capital, trade, affordable health care, taxes, access to government procurement, gaining media exposure, work-life balance, trends in technology and retirement security. The sessions were also supplemented by the use of *e*Forum real-time participant surveys with instantaneous results displayed for all attendees. This gave conference organizers and speakers

WHAT WOULD YOU SAY IS THE MOST IMPORTANT ISSUE FACING YOU AS A SMALL BUSINESS OWNER?

Access to capital	25%
Health insurance costs	24%
Workforce recruitment & retention	14%
Taxes	13%
Regulatory burden	10%
Current state of the economy	7%
Competitive business environment	6%

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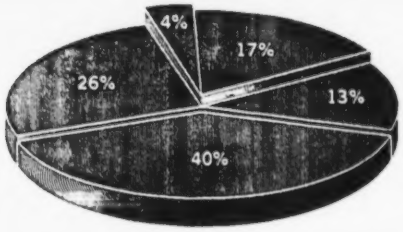
WHAT ISSUES DO YOU BELIEVE THE U.S. CONGRESS SHOULD IMMEDIATELY ADDRESS TO HELP WOMEN ENTREPRENEURS?



More procurement opportunities for women entrepreneurs	40%
Increasing access to capital	26%
Health care reform/ affordable health insurance	17%
Tax relief/reform	13%
Regulatory reform/modernization	4%

direct feedback on the most pressing issues, as well as opportunity to express concerns about the business climate in which women entrepreneurs operate.

The second day of the conference began with a breakfast program moderated by Karen Kerrigan, Chair of the Small Business Survival Committee. Panelists included Congressman Donald A. Manzullo, Chair of the House Committee on Small Business, Congresswoman Sue Kelly and Congresswoman Sue Myrick. Congresswoman Anne Northup introduced U.S. Secretary of Labor Elaine L. Chao, who then delivered an opening address.

U.S. Deputy Secretary of Labor D. Cameron Findlay later hosted a panel discussion with members of the U.S. Senate, including Senator Susan Collins, Senator Kay Bailey Hutchison, and Senator Christopher S. Bond. Attendees then had the opportunity to hear from leading financial analysts, including Jean Chatzky of MONEY Magazine, Ric Edelman of Edelman Financial Services, and Jim Glassman, author of *The Secret of the Superior Investor.*

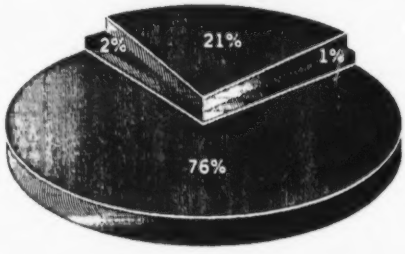
Conference participants also heard presentations by featured speakers, including Secretary O'Neill and Secretary Chao, who introduced the keynote speaker, President Bush. The program concluded with an address from SBA Administrator Baretto.

HIGHLIGHTS

Health Care Costs Unsustainable For Women Entrepreneurs

The affordability of health insurance is a major issue. Women entrepreneurs expressed concern about the rising costs of health care for their employees and themselves, and support proposals giving business consumers more flexibility and power in the marketplace. For example, many attendees expressed support for measures that give small employers the opportunity to join together to negotiate more afford-

WHAT IS THE BIGGEST OBSTACLE YOU FACE IN PROVIDING HEALTH BENEFITS TO YOUR EMPLOYEES?



Cost	76%
Lack of purchasing power/negotiating ability	21%
Federal and state coverage mandates	2%
Administrative and regulatory burdens	1%

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IN YOUR EXPERIENCE, HOW DIFFICULT HAS IT BEEN TO RAISE PRIVATE INVESTMENT?

Very difficult	$$$$$$$$$$$$$$$$$ 64%
Moderately difficult	$$$$$$$$$ 20%
Not at all difficult	$$$$$ 11%
Only slightly difficult	$$$ 6%

able health insurance prices, with 96 percent maintaining this approach would make a difference in decisions to offer health care coverage to employees.

Workshop participants discussed a number of options to help women entrepreneurs deal with rising costs, many of which President Bush advocated in his keynote address. Developing association health plans for small businesses, making tax-preferred medical savings accounts permanent and offering tax credits to the uninsured were top recommendations.

WHICH OF THE FOLLOWING BEST DESCRIBES YOUR PRIMARY MEANS OF OBTAINING THE CAPITAL NECESSARY TO RUN YOUR BUSINESS?

Personal savings or assets	$$$$$$$$$$$$$$$ 53%
Loan from a local bank	$$$$$$$$ 24%
Personal credit card	$$$$$ 10%
Borrowed money from a family member	$$$$ 6%
Second/third mortgage	$$$ 5%
Borrowed money from a friend, colleague or acquaintance	$$ 3%

Access To Capital: A Key Challenge for Women Entrepreneurs

As noted, the capital crunch – where to procure funds to expand and grow business – is the top concern of women entrepreneurs. *Venturing for Capital when the Pool Is Shallow* was a popular workshop. Experts leading the workshop agreed that strengthening and fully understanding business financials was key to attracting working capital. Access to capital was also among the priorities that attendees felt Congress should address on behalf of women entrepreneurs.

Making The Federal Government Small Business-Friendly

The federal government purchases $200 billion in goods and services each year, and women entrepreneurs are seeking more opportunity to compete in this market. Winning government contracts was an important topic among conference attendees, with 79 percent maintaining that the current system discourages small entrepreneurs. As noted, many attendees felt that the issue was so crucial-that procurement opportunities for women entrepreneurs should be the top business issue for Congress.

Panelists leading the workshop entitled *Open the Doors To New Markets: Doing Business with the Government* encouraged women entrepreneurs to become certified contractors and use it as a tool to win contracts. Basic sales skills – persistence, selling yourself, and finding market niches – are vital to obtaining federal contracts, and procurement professionals cited growing opportunities for women-owned firms. Twelve agency representatives were present to provide a contact point within their agencies on procurement questions. In addition, Rep. Manzullo promised to hold federal agencies' "feet to the fire" so that small businesses are given a better chance to compete for these contracts.

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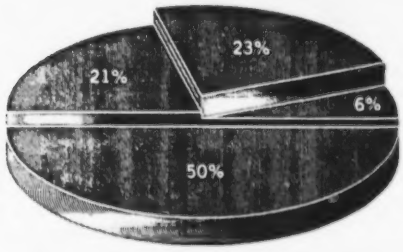
WHAT IS THE BEST WAY TO ENSURE THAT WOMEN-OWNED BUSINESSES ARE AWARDED THE CONGRESSIONALLY MANDATED 5% GOAL OF FEDERAL CONTRACTS?



More accountability	50%
Strong leadership	23%
More government set-asides	21%
More regulation	6%

In the executive branch, President Bush has ordered the Office of Management and Budget (OMB) to review agency contracting procedures and suggest ways to promote open competition. In addition, OMB will adopt policies to streamline the appeals process for small firms that may be unfairly denied government contracting opportunities.

Tax Code Complexity Challenges Women Entrepreneurs

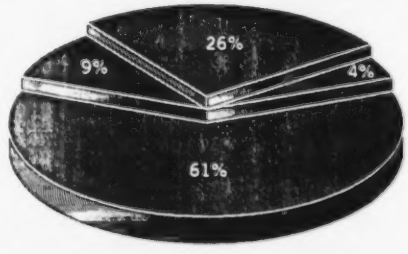
Many attendees participated in a workshop entitled, *The Taxman Cometh*. Panelists answered questions ranging from specific provisions in last year's tax bill, to general questions about where a women entrepreneur could go for help. They were encouraged to use the Taxpayers Advocate Office at the Internal Revenue Service (IRS) as a resource if they encounter problems understanding the tax code. IRS officials offered an update on efforts to bring government and industry groups together to identify and solve problems facing women entrepreneurs. Strong sentiment for a simpler tax code surfaced at the workshop.

In his address to the Conference, Secretary O'Neill expressed his goal to simplify and streamline the tax code. Calling the current statutory and regulatory maze an "abomination," Secretary O'Neill reiterated his plan to make the tax system fairer and more understandable. As evidence of this commitment, the IRS has announced simplified cash-accounting rules that will reduce confusion for over 500,000 small business service providers, many of which are women-owned.

Entrepreneurship Is A Tough Balancing Act

Women entrepreneurs not only run their businesses, they often manage their families and fulfill community and other responsibilities as well. Balancing work and family commitments is a special challenge for women entrepreneurs, particularly in small firms where the unplanned absence of the owner or one employee can precipitate a crisis. With work and family demands often in conflict, flexibility is integral to the modern workplace.

HOW IMPORTANT IS IT FOR YOU TO PROVIDE A FAMILY-FRIENDLY WORK ENVIRONMENT?



Extremely important	61%
Very important	26%
Slightly important	9%
Not at all important	4%

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Secretary Chao underscored the importance of recognizing the changing dynamics driving the needs of women in the workplace. Since balancing work and family life is increasingly difficult for women, Secretary Chao noted that she is striving to make policy changes that provide women entrepreneurs and their employees more options to deal with work-life demands. Today's highly mobile and entrepreneurial workforce, and the multiple demands it places on women and women entrepreneurs, requires modern thinking by government policymakers. Secretary Chao affirmed her commitment to modernizing workplace rules to allow for the flexibility women entrepreneurs and their employees need.

Women Entrepreneurs Going Global

The workshop entitled *Grow and Innovate Through Trade* featured government and private sector resources that women entrepreneurs can utilize to pursue export markets. Panelists and participants identified challenges to women entrepreneurs such as frustration with customs procedures, unfamiliarity with foreign currency, and confusing regulations governing overseas markets. Participants were encouraged to look closer at opportunities in international trade as more countries around the world adopt sound economic principles, rule of law, and transparency in business transactions.

Thanks to technology and growing demand for U.S. products and services overseas, more women entrepreneurs are doing exactly that. Today, 13-15 percent of women-owned firms are involved in international trade, and small firms with fewer than 20 employees account for two-thirds of total U.S. businesses engaged in exporting.

Workshop panelists and participants also endorsed the view that the Administration should have the tools necessary to make it easier for women entrepreneurs to export services and products, most notably trade promotion authority. Participants felt that restoring this important negotiating tool would open more foreign markets to U.S. products and services, as well as reduce barriers that discourage women entrepreneurs from pursuing sales overseas.

Retirement Issues For Women Entrepreneurs

The conference workshop, *Financial Security: A Look at Investment Choices for Retirement Security*, addressed provisions of the tax code that women entrepreneurs should aggressively utilize in planning for retirement. Keogh and SEP plans, as well as changes enacted in the tax bill signed by President Bush, were highlighted. Panelists and participants agreed that more education and outreach would spur use of these plans.

The recommendations of the President's Commission to Strengthen Social Security were a major workshop agenda item and generated strong interest. Attendees focused primarily on personal savings accounts as a way to enhance the long-term integrity of the Social Security system. Consensus was reached on some broad retirement issues, including the recommendation that women entrepreneurs play a proactive role in funding their retirement and the need to educate employees on retirement planning options.

WHAT IS THE TOP DIFFICULTY IN REGARD TO PROVIDING A PENSION PLAN FOR YOUR EMPLOYEES?

Pensions are expensive	41%
Complex laws are confusing	34%
Company is new and/or profits aren't consistent	17%
High turnover (too many new and part-time employees)	9%

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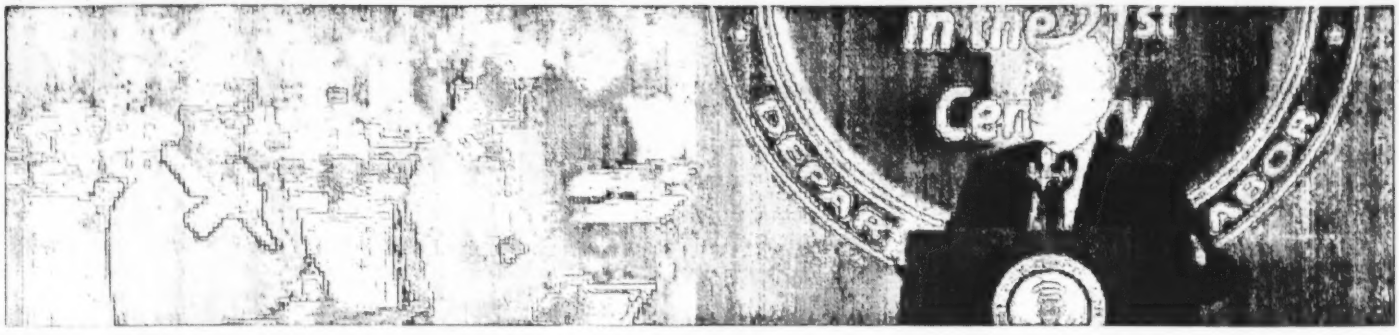

Technology: Helping Women Entrepreneurs Succeed

The workshop *Trends in Technology: What's New, What's Affordable and What Works* covered issues general and specific to technology. Certainly, technology is changing the way the business world operates and offers tremendous opportunities for women entrepreneurs. Still, rapid change challenges businesses that must upgrade technical capacity, but fear that new investments will quickly become obsolete. Panelists discussed a range of products and services available to small business, and urged women entrepreneurs not to be preoccupied with where technology is going, but focus instead on what they need to stay competitive in a changing market. Some issues like online communication and a storefront presence on the web are increasingly critical for business credibility or even essential to doing business at all.

Computer security is also a major business issue for women entrepreneurs. Panelists emphasized that computer "firewall protection" is becoming essential to all firms as unauthorized use of a company's information network is on the rise. While perhaps rare for smaller firms, security is a costly issue for businesses of any size when hit by a random attack of this nature. Panelists encouraged women entrepreneurs to develop written security policies, as well as backup recovery plans.

President Bush Outlines Initiatives To Help Women Entrepreneurs

The Women Entrepreneurship in the 21st Century Conference was an occasion for President George W. Bush to highlight Administration programs and policies on behalf of small business, and express his thanks to women entrepreneurs for their key role in job creation and contributions to business vitality. The President's appearance was the highlight of the Conference as he shared his goals for the economy, as well as the country's safety and security.

In recognition of the challenges faced by women entrepreneurs, President Bush outlined a series of proposals that directly address top issues cited by women entrepreneurs. He announced a plan for a more affordable and competitive health care system, including easier access to association health plans, tax credits for the uninsured, and expanded availability of medical savings accounts.

The President pledged that Administration policies and programs will encourage greater inclusion of women-owned businesses in federal procurement, seek permanent and immediate death tax repeal, and increase expensing deductions for businesses. He also cited efforts to streamline the tax system and address the number one concern expressed by attendees: access to capital. The net effect of these proposals will allow women entrepreneurs to keep more of their own resources and expand opportunities to invest in and grow their businesses.

Attendees were also deeply interested in President Bush's update on the war on terrorism. Noting that his most important job is "to protect innocent lives in America," the President addressed issues pertinent to securing the homeland, and warmly congratulated a delegation of women entrepreneurs from ground zero in New York, whose businesses overcame tremendous challenges in the aftermath of September 11.

Advancing The Women's Entrepreneurial Revolution

The excitement of the Women Entrepreneurship in the 21st Century Conference continues to echo in Washington. "It is outstanding that so many women from so many different backgrounds were willing to transcend culture, politics and occupation to help make this conference a success," said U.S. Secretary of Labor Elaine L. Chao in her closing remarks. She announced that the Conference is only the beginning of a long-term dialogue with women entrepreneurs, and urged attendees to stay in touch so that barriers to women entrepreneurship identified at the conference will be overcome. "Those of us in the government want to help you stay at the top of your game," said Secretary Chao, "but you may have to shout now and then to get our attention. Never let government hold back your revolution."

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REMARKS DELIVERED BY

ELAINE L. CHAO, *U.S. Secretary of Labor*

MARCH 18-19, 2002

Welcome, everyone, and thank you for coming to the conference on Women Entrepreneurship in the 21st Century. What a great way to celebrate Women's History Month! The wealth of experience, talent and raw energy gathered in this room is enough to power the Dow, NASDAQ and the GNP to new heights. It is outstanding that so many women from so many different backgrounds were willing to transcend culture, politics and occupation to help make this conference a success.

I also want to greet all of those participating in our eForum and joining us via satellite. First up, we have the great state of Missouri. Hello Missouri! And the great state of Maine. Hello, Maine! And also hello to Florida, and our group in Arkansas. Hello to you all!

Spending this time with you has been phenomenal. I can't get over what a special dynamic crowd you are. Your work in the breakout sessions is really exciting. The conversations are so honest. I promise that your concerns and recommendations are being heard by this Administration.

I am not surprised by this level of energy and passion, because I see you as a truly historic group of leaders. I believe that you are leading a silent, but very powerful, revolution for American women. As business owners, you are gutsy. Your natural courage makes things happen that have a wonderful ripple-effect for our country's economy. You know what risk-taking is all about, and you do not shy away from it.

And thank goodness for that. Without entrepreneurs, America just wouldn't be America. That is why I am thrilled to be here with you, celebrating your accomplishments. I hope you are proud of what you have done, and of what you mean to this great country

As Secretary of Labor, I am constantly thinking about jobs, and lately my concern has been the rise in unemployment since the attacks of September 11. But things are turning around. A good example is the group of women who we salute here whose businesses were so affected by the attacks on the World Trade Center. Their businesses are surviving and even thriving in spite of the horror that took place so close to them. Like those women, all of you gathered here for this conference are absolutely key to our economy. I know that your immense resilience and ability to create jobs will help bring us to full economic recovery.

That is what this conference is all about – listening and learning from each other – and it couldn't have come at a better time. The economy is definitely on the upswing. Unemployment is down and productivity is up. Americans are going back to work, with health care, financial services and the security industry becoming the hottest growth sectors of the economy. Even Federal Reserve Chairman Alan Greenspan has a smile on his face when he talks about prospects for America's economic expansion.

But the recovery is not about Wall Street. It is about Main Street. It is about tough, smart and determined women like you boosting sales, producing goods and services, and putting people back to work on the shop floor, sales aisle and office suite. It is the jobs you create that will pull us out of any recession. We are counting on you – America's woman entrepreneurs – to be today's driver of tomorrow's economic prosperity.

Throughout my life, I have met many women entrepreneurs. I am always impressed by their dedication, hard work and sense of purpose – of overcoming obstacles and achieving great personal success. But for far too long, the contributions and concerns of woman entrepreneurs have gone unheralded or unnoticed. Those days are over. This is one Cabinet Secretary and one Administration that does not take you for granted. We must learn more about your interests. We will listen to your concerns. We want to help you successfully meet the challenge of the global economy. Most of all, we deeply appreciate your drive to become champions of free enterprise, the benefits you bring to your communities, and we share your desire to own a piece of the American dream.

So as the woman in America who is most preoccupied with jobs and unemployment, I want to thank you for all you do now, and all you will do in the future for yourself, your employees, your families, and your country.

Thank you and God bless you.

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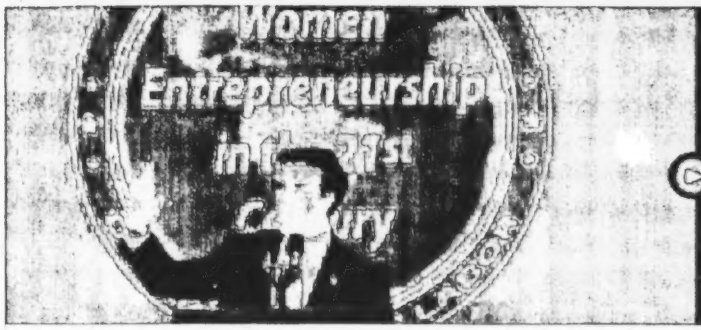

REMARKS DELIVERED BY

HECTOR V. BARRETO, *Administrator*

U.S. Small Business Administration

MARCH 19, 2002

Thank you, Secretary Chao, for that generous introduction, and thank you for inviting me here today. On behalf of all of the participants, I want to especially thank you for your leadership and direction in producing this most valuable conference. The future of all women entrepreneurs in the 21st century is even brighter because of strong leaders like you who are dedicated to the success of all of the working people of America.

It is inspiring to see so many of you here. I know how valuable time is to those of you who run your own companies. I think you will agree that it has been worth it. This has been a great two days. The workshops and the panels will be valuable for us all in the future.

I am sure all of you could relate to the workshop on work/life balance – too many priorities, too little time. I know many of you had to do some major schedule juggling to attend these two days. Looking back over the agenda, I am happy to see that so many of the topics segue right into Small Business Administration programs. I invite you to bring your enthusiasm and energy from these two days to our agency to take advantage of the numerous programs we offer to help your companies grow and prosper. I encourage you to let aspiring women entrepreneurs know about the many ways that the Small Business Administration can be their partner.

Our Office of Women's Business Ownership is dedicated to helping you continue to be the strong business leaders of America that you are today The SBA has a Women's Business Ownership representative in every SBA district office. It is their job to help you access all of the SBA's programs and services, as well as those throughout your community. In 2001, we made possible loans to women worth more than $1.7 billion to help them realize, as so many of you have, their dreams of a business of their own. Theirs are the stories of people who kept working in the face of overwhelming obstacles, proving that no matter where you begin, you can go as far as you want to fulfill your dream. I understand that the strength we all need to continue when the work is hard comes from having a partner. And I am here today to remind you that the Small Business Administration is your partner. We want to help more new businesses start and grow to success.

I am always excited to participate in a program devoted to the success of women and their entrepreneurial opportunities. I was honored to join the president yesterday in St. Louis when he continued the implementation of his small business agenda, which I am sure you will agree is a tremendous commitment to all business men and women in America. And again, I want to enroll you in our goal to share your knowledge and success stories with new women business owners, to let them know that they can achieve anything they want to do. You are living proof that although the challenges are great, it is worth it.

The U. S. Small Business Administration is celebrating national women's history month throughout March. We take special pride at the SBA in some extraordinary women who were part of America's history just six months ago. We salute the brave and hard-working women of our four New York City Women's Business Centers who responded to the tragedy of September 11 with courage and resolve. From taking coffee and donuts to exhausted rescue workers, to helping the small businesses in the area get the emotional and financial support they so badly needed, the women of the SBA were our quiet heroes in those surreal days.

Let us begin this new chapter in America's history by looking back and paying homage to the countless women whose perseverance and courage helped make America the great nation it is today. My mother and father taught me that business is about relationships. Being here today has confirmed for me that the SBA has many strong partners. We understand how hard you have worked to get where you are. We are here to celebrate your continuing achievements. We want to enroll you in our partnership of fresh ideas, new goals and unlimited success defined only by your strength, your determination, and your ambition to work for and live the American dream.

I look forward to working with all of you as we share your vision and strengthen the opportunities for women in small businesses everywhere. I wish you much continued success, and thank you for the opportunity to share this event with you.

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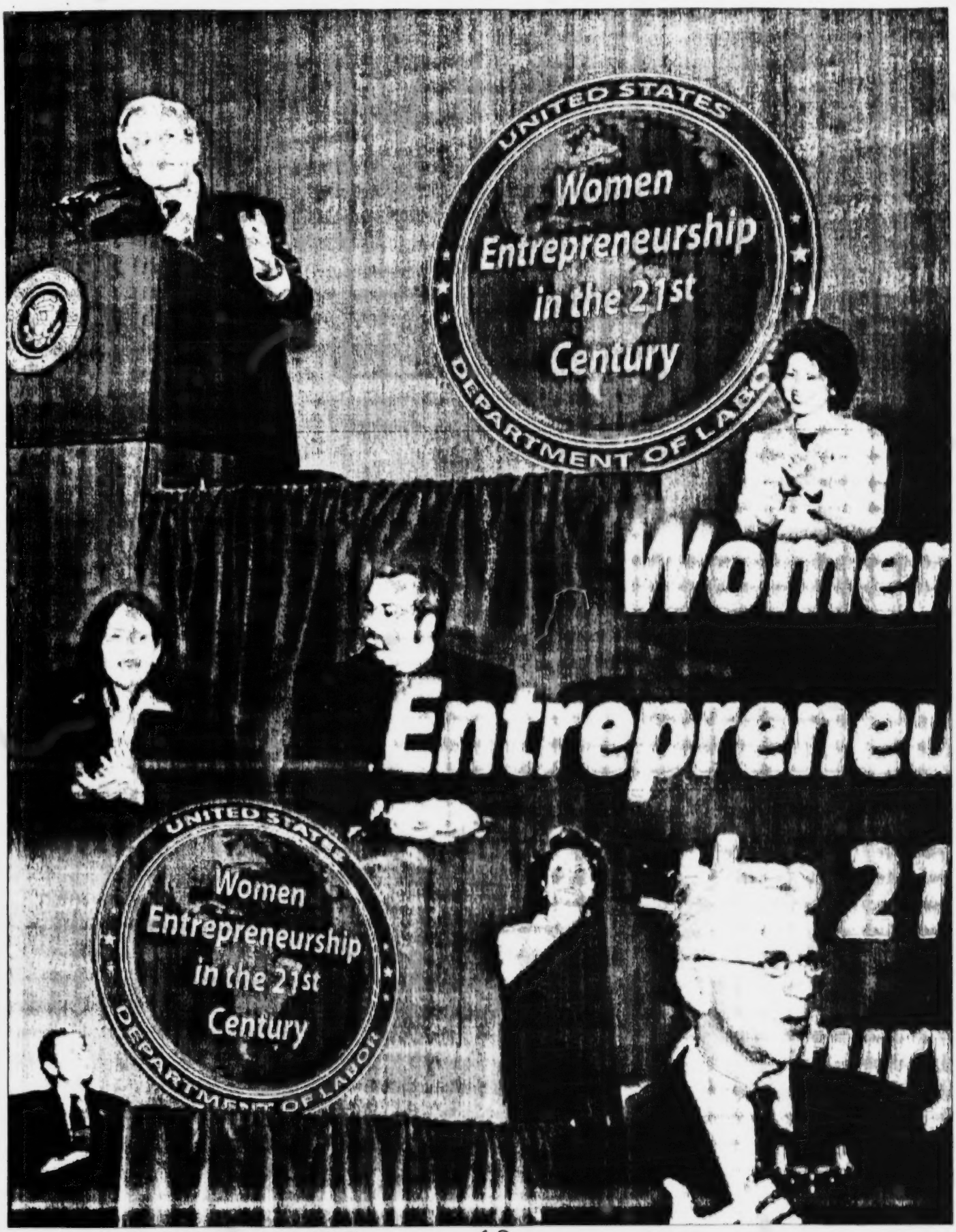
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Thank you very much. Thank you for coming. Thanks for the warm welcome. Elaine, thanks for your kind words. I am proud of the job you are doing in my Cabinet. I appreciate your advice and counsel, and I appreciate the leadership you have shown at the U.S. Department of Labor.

I want to thank those who organized this summit. I think it is a very important summit. I think it is important to advance the spirit of entrepreneurship and equality and opportunity for everybody who is fortunate enough to be an American. I am honored to be with you and I'm glad you invited me, because I believe small businesses are really important to the future of our country.

I know small businesses are the path to success for many Americans—especially women, the newly arrived, and minority Americans. Small businesses create jobs, and this is incredibly important for our economy at this time. Small businesses embody the American values of hard work, risk-taking, and independence. And so today I want to discuss with you a series of new policies to encourage and reward the work of America's small business women and men.

One of the things this summit recognizes is there has been a fundamental change in our economy. When it comes to entrepreneurship and job creation, ours is an increasingly woman's world. The truth of the matter is—and the reason why I say that—is women-owned businesses are growing at twice the rate of all other United States firms. That is a remarkable accomplishment for the United States of America. And the interesting other fact that I want to point out is that women firms now employ seven million Americans.

Small business ownership is a great equalizer in America. The only connections you need are happy customers and a good business plan. The only credentials you need are good products. The only values you need are to be willing to take risks and work hard. For millions of minorities and women and new Americans, small businesses provide a great chance to succeed in America, a chance to realize your dreams.

For some women, a small business brings the satisfaction of success without having to go through the frustrations of corporate life. I suspect there are a lot of women entrepreneurs in this room and around the country who tried corporate life and found that out – and agree with what one entrepreneur said. Nancy Miller put it this way: You succeed or fail based on your own abilities, not on politics or anybody else. She's got a pretty good point there. She talks about the freedom that comes with owning your own business. And it's so important that our country maintain that flame of freedom, the entrepreneurial spirit of America.

The reason I love the entrepreneurial spirit is because it provides people a chance to be creative, to build, to contribute, and to own. Being your own boss, as Sherrin Holder of Virginia describes it, brings a sense of pride and accomplishment, a sense of ownership, and a growing hope for success. She captures the feeling of every entrepreneur. You can advance yourself, and you can do good by doing so. As you succeed, you help others to succeed, first and foremost, by providing somebody with a job.

You can dream big dreams in America, and my job as the President is to make sure that if you've got a good idea, you can realize those dreams. And as importantly, when you are successful, you can pass on your assets to your children, if you so choose, or to anybody you desire to.

Americans have got to understand that everybody in our country has a stake in the success of small businesses, starting with the fact that small businesses create two-thirds of the new jobs created in America in any given year. It's really important for people to understand, as we're fighting a recession, if small businesses create two-thirds of the new jobs, it makes sense that any economic recovery strategy focus on small business. And that's what I want to talk about today.

I do not believe the role of government is to create wealth. That is not the role of government. There are no guarantees in the free enterprise system. The role of government is to create an environment that encourages risk-taking, an environment that facilitates the flow of capital, and an environment in which people can realize their dreams. That is the role of government. And that is exactly what I intend to do as President.

It started right after I was sworn in as President, when I went before the Congress and insisted that they reduce the tax rates on everybody who pays taxes in America. That tax cut came at the right time for our country. Make no mistake about it, the fact that we are willing to allow people to keep their own money stimulated demand. When you stimulate demand, that then causes production increases. And when you increase production, you increase jobs. The

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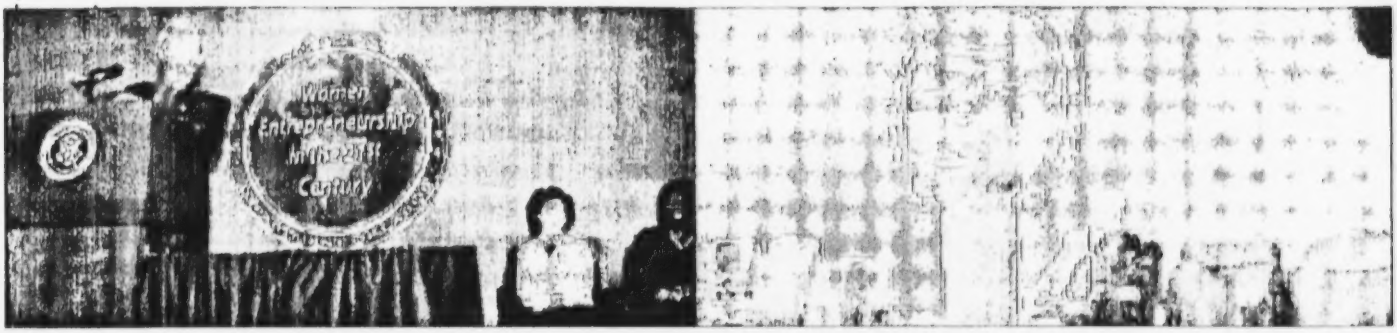

tax cut came just at the time our economy was losing steam. It was an important part of the fact that our economy is beginning to rebound. And for those who think we ought to undo the tax cut, they have a mighty high hurdle to cross. That's me.

And here is the thing about the tax cut that I know was incredibly important for the future of our country. Let me put it this way: Many, many businesses are sole proprietorships or are limited partnerships, and therefore do not pay corporate income tax rates. They pay individual rates. Therefore, by cutting all rates, what we did was provide cash flow to the small businesses of America. The tax reduction plan was important for small business growth and activity. The more businesses, the more cash flow a small business owner has in her pocket, the more likely it is the business will succeed and expand and create more jobs. This tax cut not only happened at the right time, it was really good for small businesses in America.

A lot of us in Washington didn't feel like that was enough, and so we fought for an economic stimulus plan, which I am proud to report I was able to sign in the Rose Garden a couple of weekends ago. And with the help of both Republicans and Democrats, the plan made it to my desk. It is a plan that says we are going to help people whose lives were affected because of the attacks of 9/11 by extending unemployment benefits. But it also recognized that people don't want an unemployment check. They want a permanent paycheck. And therefore, we created additional stimulus, mainly encouraging people to invest in plant and equipment.

If you encourage people to invest in plant and equipment, that will not only help those who are the immediate employer, but also those who manufacture the equipment, or construct the plant, who will also have employment. So it has a ripple effect in our economy. And so I was pleased to sign that bill. And it is going to help, in my judgment, not only in the short-term, but in the out-years as well.

And we are seeing some encouraging signs of recovery. But I want to tell you something: I am not a numbers cruncher. I am not one of these bean counters, but I don't believe the economy is strong enough to say that we have recovered. I worry about the fact there are too many people in our country still looking for work. If people who want to work can't find work, we have got to keep moving on the subject of economic security and economic recovery, and that is what I want to talk to you about today.

Again, I will repeat, the small business sector creates two-thirds of the new jobs in America, it makes a lot of sense to focus on how to stimulate small business growth. So I want to talk to you about some of my plans to do so. Basically, the summary is that we are going to lift unfair regulatory burdens. We are going to encourage additional cash flow, and we are going to work to make sure that American entrepreneurs have access to government contracting.

Because the economic stimulus package only had a three-year life to it, I believe Congress ought to pass additional incentives for small businesses to invest in plant and equipment, incentives beyond the incentives in the economic stimulus package. As you know, annual tax deductions are limited to a certain amount of money on an annual basis for small businesses, and the size of the purchase is relatively small. I think we ought to increase the size of the purchase of plant and equipment, as well as increase the annual deductions for small businesses, in order to enhance cash flow, which will make it easier for people to find more jobs in America.

Secondly, the complexity of the tax code is a tremendous burden on small business, and we must simplify it. I ran into an interesting fact: nine out of ten small businesses owned by women have fewer than five employees. And the amount of time people spend over trying to figure out a complicated tax system is enormous. It is, frankly, not good use of your time.

I talked to Secretary O'Neill about this very subject. I am going to share it with you. One, I instructed him to report on ways that the Treasury Department can simplify the tax code on small businesses as quickly as possible. I will give you one idea—not an idea, but one thing we are going to do immediately by a revenue rule, as it is called. And Paul, I promise you, is the kind of fellow that when he is asked to do something, he will get it done quickly. And I have asked him to do this.

Service businesses with gross revenues of under $10 million will be able to use the cash accounting method of accounting, as opposed to accrual method of accounting. Simply put, that will eradicate a lot of time spent on trying to figure out the accrual method of accounting. It simplifies the accounting process for small businesses, which will

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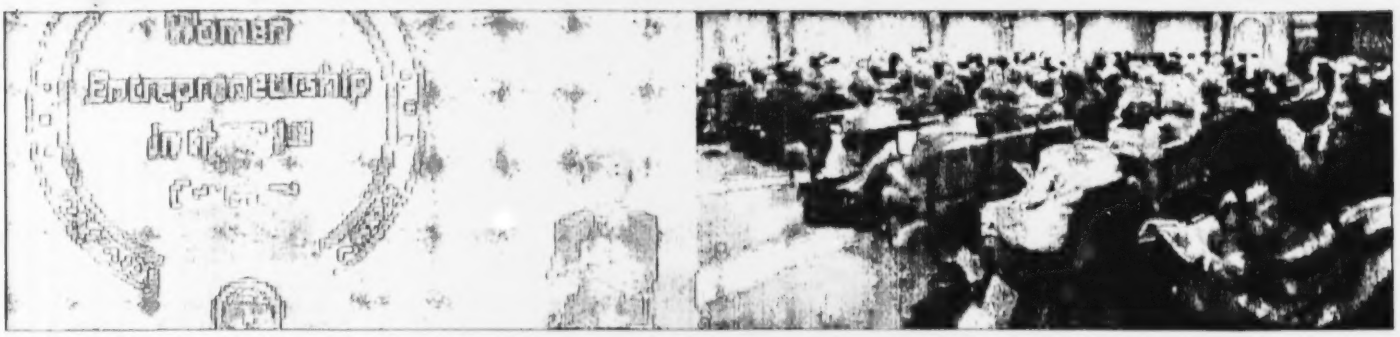

be a time saver and a money saver, and will help create more jobs by simplifying the regulatory burden on small businesses. We are going to get this done quickly.

Although what I am about to tell you will not have an immediate effect on job creation, it is an important part of any small business owner's plan or strategy. It is this, we have eliminated the death tax as a result of the new tax reform. However, because of what I guess you would call a quirk in the law, the death tax will not be totally eliminated in the year 2011. We must make repeal of the death tax permanent. I call upon Congress to do this immediately.

It is patently unfair for any entrepreneur to develop her own business and have that business taxed twice as she tries to leave her assets to whomever she chooses. It is not fair. There are a lot of federal regulations that complicate the lives of small business people all across the country. The SBA has calculated the hidden costs of regulations to businesses with fewer than 20 workers. It comes down to $7,000 per worker. That is a lot of money, particularly if you are trying to figure out ways to expand your employment base. This is a drag on our economy. Hidden costs are a drag on the U.S. economy.

And so today I want to make sure people understand that we are going to do everything we can to clean up the regulatory burden on small businesses, starting with this: Every agency – already it is under current law – every agency is required to analyze the impact of new regulations on small businesses before issuing them. That is an important law. The problem is, it is oftentimes being ignored. The law is on the books and the regulators don't care that the law is on the books. From this day forward, they will care that the law is on the books.

Mitch Daniels, who heads the Office of Management and Budget, will not accept regulations that do not calculate the cost on American small businesses. We want to enforce the law. It is a good law to have a cost/benefit analysis of any regulation on small business. If regulations provide a hidden cost on small businesses, which provide a drag on our economy, and if we are trying to stimulate our economy, one way to do so is to enforce the law which says that we will not have costly regulations on small businesses in America. And that is what we are going to do.

Furthermore, if you've got a problem with regulations, if there are nettlesome regulations which are costly for you to operate your business that you don't think make any sense, I urge you to get on the Internet and wire the OMB your problem, so we can analyze it. Now, if you want to write this down, here it is. Gosh, it seems like a lot of people are getting ready to write it down! I am not surprised – www.whitehouse.gov – wait a minute, it is getting better – /omb/inforeg. And wire them in.

I talked to Mitch before I came over here. I said, Mitch, I just can't stand up here and say you are going to get rid of regulations and ask people to call in or write in. Give us someplace to send the information. And I said, if I stand up here in front of the women entrepreneurs of America and somebody e-mails in, you better respond – www.whitehouse.gov/omb/inforeg.

Fifth, I am proposing measures to make health care more available. I understand the drag on small businesses. It is hard for you to attract good workers. It is hard for you to keep good workers if your health care costs are going sky-high. I understand that. There was a lady who wrote in. She said, I have 12 employees and I was canceled three times by my insurance company in 2001, and the reason they gave me is that they are no longer going to be writing small group plans. Perhaps that has happened to some of you here as well. If we could get into a larger pool where we could get access to lower premiums, then I could insure more people and hire some more people. I think that is a universal complaint all across America. And that is why I strongly support association health plans.

That means that small businesses will be able to pool together and spread their risk across a larger employee base. It makes no sense, no sense in America, to isolate small businesses as little health care islands unto themselves. We must have association health plans. Congress ought to support them, and here is the way they will work.

It means a family restaurant or a local hardware store can insure their workers, say, through the National Federation of Independent Business or the National Restaurant Association. It allows association groups to write health care plans across jurisdictional boundaries to the benefit not only of the small business owner, but to the benefit of those who work for small businesses.

And finally, government contracting must be more open and more fair to small businesses. I know government contracting, if wisely done, can help us achieve a grand national

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goal, which is more ownership in more communities all across America. But you know as well as I do that there are some large hurdles for small businesses. The main one is that agencies many times only let huge contracts with massive requirements, and they tend to go to the same group of large corporate bidders. The term of art in Washington is called "bundling." It effectively excludes small businesses, and we need to do something about that.

Again, I talked to Mitch about this, and I want him to examine it. He understands, like I understand, the capacity for our government to encourage entrepreneurial growth, the capacity for our government to stimulate small business ownership in all communities across America.

And so one of the things we are going to do is examine the federal government's contracting policies to make sure that they encourage competition, as opposed to exclude competition; to make sure that the process is open; to make sure the process helps achieve a noble objective, which is more ownership in our country. And wherever possible, we are going to insist we break down large federal contracts so that small business owners have a fair shot at federal contracting.

The government can provide an environment that will encourage risk-taking, and I believe when we do this, it will encourage risk-taking. There are no guarantees in the free enterprise system, as you all know, but we can make the system more open and more inviting. We can encourage people to take risks. And that is exactly what we are going to do in this Administration. It is important for the economic security of the United States of America.

Not only am I concerned about economic security, I am also concerned about our national security. And I want to share some thoughts with you about my thinking about our national security.

First, I know there are many from New York City here who suffered mightily on September 11. And I want to say how much I appreciate that city showing not only our nation, but the world, what it means to be resolute and tough and determined to succeed. Not only watching how New Yorkers responded, but seeing how our nation responded, leads me to conclude that the enemy didn't understand who they were dealing with. You see, they thought we were so materialistic and so self-absorbed that the only thing I was going to do was sue 'em. They were wrong. They were wrong.

My most important job is to protect innocent lives in America. My most important job is to protect the homeland. And we have a strategy in place to deal with a bioterrorist attack. We have a first-responders strategy. We are doing a better job of buttoning up our borders. We want to know who is coming in and why they are here and when they are leaving. We have got to do a better job.

But I want to tell you all that the best way to achieve the objective of securing the homeland is to chase the killers down, wherever they try to hide, and bring them to justice. And I want to assure you that is what is going to happen. And it is going to take a while. But the good news is, the American people are patient. I believe the American people understand the difficulty that lies ahead. I know the United States military does, and I am so proud of the way they have accomplished the mission so far.

I gave a speech in Washington a while ago – once you are over 55 everything is a while ago – I can't remember if it was a week or two weeks, but nevertheless, a while ago – that said the first phase in the war against terror is over. And that first phase was upholding the doctrine that said, if you harbor a terrorist or feed a terrorist or hide a terrorist, you are just as guilty as those who came and murdered innocent Americans and others from around the world. The Taliban found out exactly what this great nation meant. They are no longer in business.

I was so proud of our country because we sought not revenge, but justice. That is what we seek. We did not go to Afghanistan as conquerors. We arrived as liberators. As Elaine Chao mentioned, this week for the first time many young girls will be going to school. I am so proud of our country. I am proud of our military. I am proud of the children who have raised millions of dollars for Afghan children. I am proud of the compassion of our country. We have shown the world that not only will we seek justice, we have shown the world that we will seek a better society for citizens, starting in Afghanistan, by ridding them of the clutches of one of the most barbaric, backward regimes history has ever known.

But there is more to do, and as leaders in your communities, it is important for me to share this with you. Anytime al Qaeda bunches up, we are going to get them. They did so in the Shahikot mountain range, and they now regret that. Because you see, there are still thousands of

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these trained killers around. And I want to tell you – I cannot make it any more plain than this – they hate America. The reason they hate America is because we are free. We are a free society. They can't stand the thought of the President of the United States coming to speak to women who own their own business.

These are people who are irrational, and we will treat them like the international criminals they are by keeping them on the run. So the second phase, my fellow Americans, of this war is to deny them sanctuary. Anywhere they try to light, we will disrupt them. We will be patient. We will be deliberate. And I can assure you, we will be determined.

I have submitted a budget that significantly raises defense spending. The reason I did was because I want those who risk their lives on behalf of America to get the best pay, the best equipment, the best training possible. I recognize that the price of freedom is high, but as far as I am concerned, it is never too high.

The world watches us. The world tests or really looks at our will. They want to know whether or not we are people who just talk or people who are willing to lead. And they are going to find out we are a nation that, when somebody attacks our values and murders our citizens and still wants to do so, they will find that we are a strong, resolute, determined and united people – much to the chagrin, much to the chagrin of terrorist networks around the world. The more firm we are, the more likely it is the world will follow. And the more firm and determined we are, the more likely it is that we will achieve lasting peace.

My dream for the world is lasting peace. I want our children to grow up in a peaceful world, a world in which freedom at its very center is the most important value. We can achieve that. There is no doubt in my mind as the United States remains firm and strong and achieves our clearly-stated objectives, that we have a chance to solve problems that many never think could be solved around the world, and leave behind such a wonderful legacy, not only for our own children, but for children of every country. At the same time, we have an opportunity at home to show the world the true face of America, the heart and soul of the American people.

I want to thank very much Suzanne Tufts for being here today. She is the president and CEO of American Woman's Economic Development Corporation. Right after the enemy attacked, Suzanne and her organization moved quickly to help small businesses affected by the attack, primarily women-owned businesses, to help them, obviously, deal with the shock to their businesses, but also helped them get back on their feet. It is this kind of compassion and care and concern for a neighbor that is the true strength of the country.

Listen, we are a great military power, and that is good. But the true strength of America is not in the halls of government, it is in the hearts and the souls of our citizens. The thing that makes our country so unique is that we are people that have heard the universal call to love a neighbor like you would like to be loved yourself.

I am asked all the time by people, what can I do to help in the war against terror? And the answer is, if you want to stand up to evil, do something good for a neighbor in need. If you want to stand up squarely in the face of evil, show somebody you love them. And those don't have to be magnificent acts of love. They can be small acts of generosity which, in their total, help define America for the rest of the world. Just walking across the street to a lonely shut-in, is, in itself, part of defiance to evil; or mentoring a child, or thanking a teacher, or generosity with your checkbook, or using your time and talents for your church or synagogue or mosque to help people who are hopeless in our society.

Out of this incredible evil done to America, I see great good. I see not only the good of lasting world peace, I see a nation that is more compassionate and hopeful; a nation that understands that by adhering to the admonition to love a neighbor just like you would like to be loved yourself, we set a clear example of what is possible in other places around the world.

I have been not only amazed, I have been so gladdened by what I have seen and heard about America in the face of this tragedy. Not only are we determined to seek justice, we are determined to right wrongs, to help heal souls, and to help people in need.

It is such an honor to be the President of a country that embraces the entrepreneurial spirit for all. But more importantly, it is an honor to be President of a country full of decent and heartfelt and compassionate Americans.

God bless.

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ACKNOWLEDGEMENTS

The organizers would like to acknowledge the assistance of AT&T, America Online, Inc., The Boeing Company, Direct Selling Association, Kauffman Center for Entrepreneurial Leadership, Intel Corp., Eastman Kodak Co., Mary Kay, Inc., National Association of Convenience Stores, National Association for the Self-Employed, Office Depot, OPEN: The Small Business Network from American Express, and the U.S. Chamber of Commerce for their support of this initiative.

This event would not have been possible without the dedication and leadership of Suzanne Tufts, American Woman's Economic Development Corp.; Andrea Silbert, Association of Women's Business Centers; Gina Parker, Black Woman Enterprises; Linda Bolliger, Boardroom Bound, Inc.; Jane Smith, Business and Professional Women/USA; Edie Fraser, Business Women's Network; Sharon Hadary, Center for Women's Business Research; Loula Loi Alafogiannis, Euro-American Women's Council; Alma Morales Riojas, MANA, A National Latina Organization; Melissa Wahl, National Association of Female Executives; Sandra Hernandez Adams, National Association of Women Business Owners; Raj Nisankarao, National Business Association; and Amy Jensen, National Federation of Independent Business.

With special thanks to Robin Read, National Foundation of Women Legislators; Pete Homer, National Indian Business Association; Todd McCracken, National Small Business United; Janet Harris Lange, National Women Business Owners Corporation; Patricia Parker, Native American Women's Business Council; Bobbie Kilberg, Northern Virginia Technology Council; Syndi Seid, San Francisco Small Business Network; Karen Kerrigan, Small Business Survival Committee; Susan Ray, Women's Leadership Board, Kennedy School of Government; Susan Au Allen, U.S. Pan Asian American Chamber of Commerce; Marsha Firestone, Women Presidents' Organization; Susan Phillips Bari, Women's Business Enterprise National Council; and Terry Neese, Women Impacting Public Policy.

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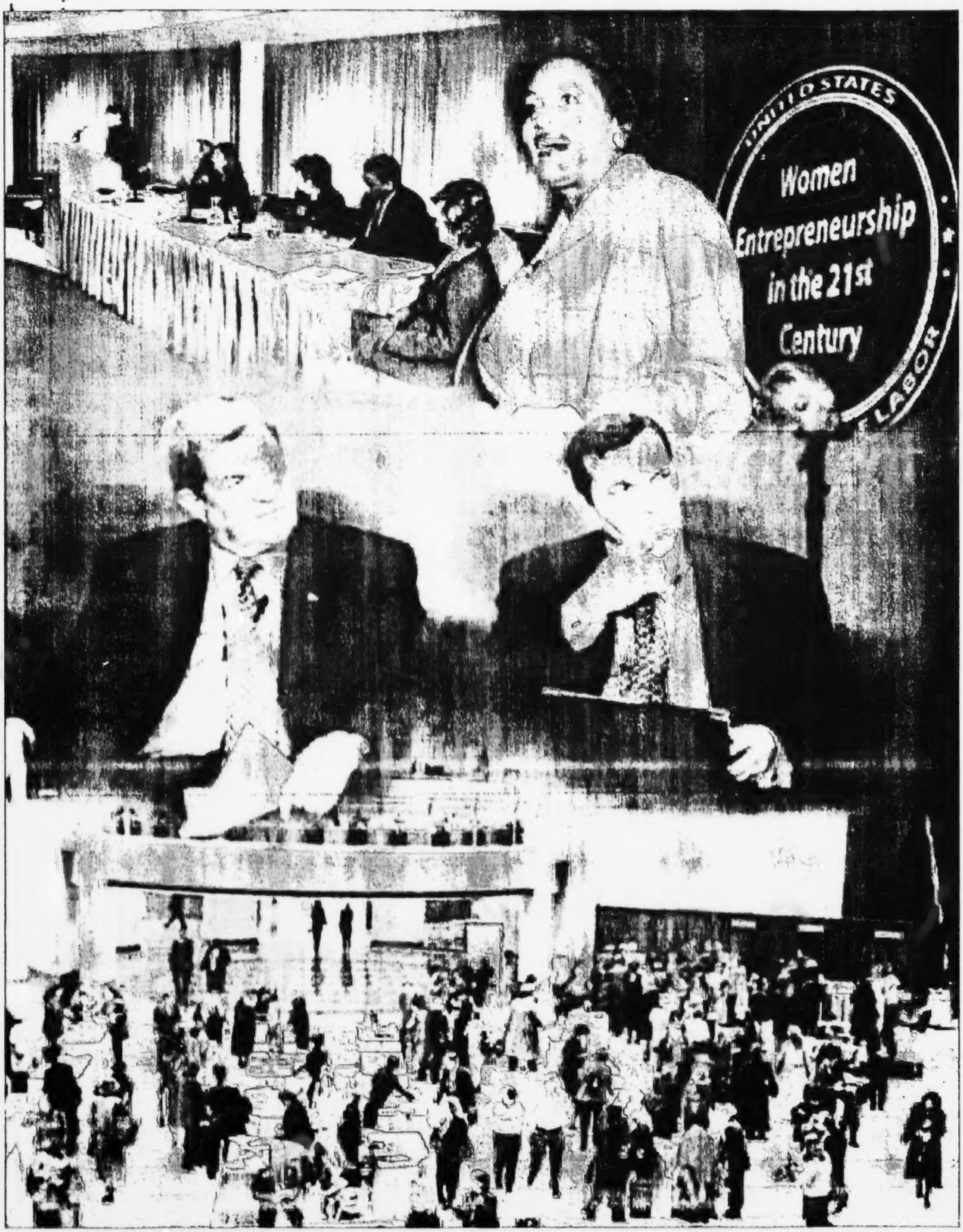

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